



Department of Justice

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FOR IMMEDIATE RELEASE
MONDAY, JUNE 18, 2007
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**SUSPENDED LOUISVILLE ATTORNEY SENTENCED TO 2 1/2 YEARS
FOR INVOLVEMENT IN 1.5 MILLION DOLLAR
MORTGAGE FRAUD SCHEME**

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that suspended Louisville attorney **DEAN SEXTON**, age 43, of Louisville, Kentucky, was sentenced in United States District Court, Louisville, Kentucky, by U.S. District Judge Charles R. Simpson, III to 2 1/2 years imprisonment, followed by 2 years of supervised release. **Sexton** had previously pleaded guilty pursuant to a plea agreement to an Indictment charging him with conspiracy with two other persons to defraud multiple mortgage lenders. The Indictment specifically charged him for his involvement as a closing attorney in the fraudulent closing of over 1.5 million dollars in mortgage loans, which included four loans for property personally owned by him. According to the Plea Agreement, **Sexton's** fraudulent actions caused lenders between \$400,000 to \$1,000,000 in losses.

The plea agreement stated that in or between January 2000 and August 2002 **Sexton**, while working as a closing attorney, conspired with Santiago G. Santa Cruz and Stan Siwek to defraud multiple out-of-state residential mortgage lenders by means of false and fraudulent pretenses, representations, and promises, and that to execute their scheme they caused wire transfers to be transmitted in interstate commerce. **Sexton's** fraudulent actions caused these lenders to fund loans

in excess of 1.5 million dollars. To execute the scheme **Sexton** and his co-conspirators caused fraudulent loan documents, such as loan applications and HUD-1 settlement agreements, to be created. These documents contained, among other things, false information relating to borrowers' employment, income, assets, down payment, and credit information.

The Plea Agreement further stated that **Sexton** closed 12 loans in which he, as the closing attorney, falsely represented to the lenders that the buyers made payments at closings. During the closing of each of these 12 loans, **Sexton** and his co-conspirator induced the lenders to fund these loans through these false representations.

More specifically, the Plea Agreement stated that **Sexton** closed four loans on two properties that were owned by him in the names of others. In particular, in January 2001 he closed a \$170,000 loan on his residence at 2255 Strathmore Lane. During the loan process he concealed his ownership of the property from the lender by providing a false contract for deed in the name of another and by creating a false payment history for the purchaser. Shortly after this loan closed in March of 2001, he initiated and closed a second loan with another lender for \$83,300. **Sexton**, however, concealed the existence of the first loan of \$170,000 from the second lender and provided the second lender with information indicating that it had a first lien on his residence.

Sexton initiated a similar scheme on another property owned by him located at 6513 Ridge Cliff Road. In May 2001 **Sexton** initiated and closed a loan on this property for \$130,150. He, however, concealed from the lender the fact that this property was in the foreclosure process and, consequently, had a lien against it. In addition, he provided the lender false information indicating that the buyer had a contract for deed on the property and had been making payments on the property. Also in May 2001, **Sexton** initiated and closed a second loan on this property from a different lender for \$84,000. **Sexton**, however, concealed the existence of the first \$130,150 dollar

loan from the second lender and concealed the ongoing foreclosure proceedings against the property. He also provided this second lender with a fraudulent contract for deed in the name of the buyer and fraudulent records of a payment history by the buyer.

Santiago G. Santa Cruz pleaded guilty on June 30, 2005, and Stan Siwek pleaded guilty on September 19, 2005, to a 20-count information charging them with wire fraud. Both are awaiting sentencing, which has not been scheduled.

The case was prosecuted by Assistant United States Attorney Bryan Calhoun, and it was investigated by the Federal Bureau of Investigation.

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